

HOUSE BILL REPORT

SSB 5177

As Reported by House Committee On:
Transportation

Title: An act relating to transportation benefit districts.

Brief Description: Modifying transportation benefit district provisions.

Sponsors: Senate Committee on Transportation (originally sponsored by Senators Swecker, Jacobsen, Haugen and Oke).

Brief History:

Committee Activity:

Transportation: 3/28/05, 4/4/05 [DPA].

**Brief Summary of Substitute Bill
(As Amended by House Committee)**

- Modifies the authority of Transportation Benefit Districts (TBDs) to make improvements to transportation facilities, including state highways and local roads and public transportation investments.
- Grants additional revenue authority to TBDs including sales tax, vehicle registration fees, and tolling authority.
- Allows transit agencies and ports to participate in benefit districts. District governance for multi-agency districts must include a representative from each participating jurisdiction.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass as amended. Signed by 24 members: Representatives Murray, Chair; Wallace, Vice Chair; Woods, Ranking Minority Member; Appleton, Buck, Campbell, Curtis, Dickerson, Ericksen, Flannigan, Hankins, Hudgins, Jarrett, Kilmer, Lovick, Morris, Rodne, Sells, Shabro, Simpson, B. Sullivan, Takko, Upthegrove and Wood.

Minority Report: Do not pass. Signed by 2 members: Representatives Nixon and Schindler.

Staff: Gene Baxstrom (786-7303).

Background:

Current law permits a county or city to establish one or more transportation benefit districts (TBDs) within its jurisdiction to fund improvements to city streets, county roads, and state highways to address congestion caused by economic development. When establishing the TBD area, the jurisdiction proposing to create the TBD may only include cities and other counties through interlocal agreements. A TBD expenditure plan must be specified in the ordinance establishing the TBD, and may not be changed without first going before a public hearing. A TBD must be dissolved when all debt has been paid and anticipated responsibilities have been satisfied.

The TBDs are governed by the legislative authority of the jurisdiction proposing to create a TBD. When multiple jurisdictions are involved in establishing a TBD, however, the governance structure is controlled by interlocal agreement.

The TBDs have independent taxing authority to implement the following revenue measures: (1) excess property taxes; (2) general obligation bonds; (3) transportation impact fees; and (4) border area motor vehicle fuel taxes. Additionally, TBDs may form local improvement districts with authority to impose special assessments on property benefitted by the improvements and to issue special assessment bonds.

Summary of Amended Bill:

The law governing transportation benefit districts is expanded.

Establishment of TBDs. A city or county is limited to establishing only one TBD within its jurisdiction. Port districts and transit districts may participate in the establishment of a TBD but may not initiate district formation. The TBD area must include the entire area within each participating jurisdiction. If a TBD includes more than one jurisdiction, the governing body must have at least five members, including at least one elected official from each of the participating jurisdictions.

Transportation Improvements. TBDs may fund transportation projects of state or regional significance maintained in the state or regional transportation plan including multi-modal projects and maintenance and operations of projects. A TBD may spend up to 40 percent of its generated revenue on local street, road, and highway improvements on highways that are not highways of statewide significance.

Revenue Options. In addition to the revenue options available to TBDs under current law, a TBD may implement the following revenue measures: (1) a local option sales and use tax up to 0.2 percent which must be voted on at least every 10 years; (2) a local option annual vehicle license fee of up to \$100 on vehicle license renewals; and (3) vehicle tolls. On state highways, the Department of Transportation (DOT) must collect the tolls, as set by the Transportation Commission (Commission), and the Commission must approve tolls imposed by the district on local roads, before the district may impose the tolls. A TBD may only implement revenue measures approved by the district voters.

Revenue rates, once imposed, may not be increased, unless authorized by voter approval. If project costs exceed original costs by more than 20 percent, there must be a public hearing. The district must also develop a process to address project changes related to cost, schedule and scope.

Amended Bill Compared to Substitute Bill:

The prohibition on establishing a TBD in King, Pierce and Snohomish counties is eliminated. Projects eligible for TBD funding are expanded from principal investments in support of highways of statewide significance to include any project contained in a state or regional transportation plan that is of statewide or regional significance. This includes roadways, HCT, transit and other projects and programs including TDM and operations and maintenance. The maximum percent of TBD funds that may be expended for local roads and state highways that are not highways of statewide significance is made uniform for all counties at 40 percent instead of the maximum 20 percent for non-rural counties.

The new authority to impose the local option fuel tax and employer taxed is eliminated. The new sales tax authorization is reduced from 0.5 percent to 0.2 percent and the sales tax must be voted on every 10 years. The limitation that tolls can only be imposed on a new transportation improvement is eliminated and tolls may be varied by time of day, congestion, and other factors to improve performance of the facility or the network. The Commission, or its successor, must approve any tolls imposed on local roadways. Criteria is set forth that must be considered, to the extent practicable, when identifying TBD improvements. The requirement that a vote be held if a project goes more than 20 percent over budget is eliminated, a public hearing is mandated instead. The district is required to adopt policies to address project cost, schedule and scope changes.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect on August 1, 2005.

Testimony For: (In support) This Legislation provides another tool for local governments to address transportation problems in their region. It provides flexibility to allow a local government to customize a solution to that area.

(With concerns) There is difficulty administering some of the tax authority set forth in the bill and some clarifying language is needed.

Testimony Against: None.

Persons Testifying: (In support) Mark Brown, City of Vancouver; and George Fox, City of Ridgefield.

(With concerns) Julie Sexton, Department of Revenue.

Persons Signed In To Testify But Not Testifying: None.